

Message Text

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ACTION NEA-10

INFO OCT-01 AF-10 EUR-12 ISO-00 AID-05 CIAE-00 COME-00
EB-08 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00
XMB-02 OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 STR-04
CEA-01 DODE-00 PM-04 H-01 L-03 NSC-05 PA-01
PRS-01 SS-15 /110 W
-----290353Z 030413 /11

R 281518Z APR 77
FM AMEMBASSY TRIPOLI
TO SECSTATE WASHDC 4310
INFO USDOC WASHDC
AMEMBASSY ATHENS
USINT BAGHDAD
AMEMBASSY CAIRO
AMEMBASSY DAMASCUS
AMEMBASSY JIDDA
AMEMBASSY KHARTOUM
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY VALLETTA

C O N F I D E N T I A L TRIPOLI 0547

E.O. 11652: GDS
TAGS: ETRD, BEXP, PFOR
SUBJ: BOYCOTT: LIBYAN HARDLINE

REF: (A) TRIPOLI 524 (NOTAL) (B) 76 TRIPOLI 1313 (NOTAL)
(C) 76 TRIPOLI 1336 (NOTAL) (D) TRIPOLI A-14 (NOTAL)

1. RECENT COMMENTS BY LIBYAN FINANCIAL MEN AND LOCAL PRESS
REPORTS DEMONSTRATE NO LIBYAN INCLINATION TO ACCOMMODATE
BOYCOTT POLICIES TO US ANTIBOYCOTT LEGISLATION.

2. VISITING US BANKERS AND NEWSMEN REPORT TOP-LEVEL
LIBYAN COUNTERPARTS ARE SAYING BOTH PRIVATELY AS WELL AS
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IN LARGER GATHERINGS THAT LIBYA WILL MAKE ABSOLUTELY NO
ACCOMMODATIONS TO US BOYCOTT LEGISLATION. TOP CABINET
SECRETARY UBAYDI TOLD NEWSMAN (FROM BARRON'S WEEKLY) THAT

THERE NO POSSIBILITY THAT LIBYA WOULD ADOPT POSITIVE
CERTIFICATION OR MAKE OTHER ADJUSTMENTS IN WORDING OF
LIBYAN BOYCOTT REGULATIONS. ABDULLAH SAUDI, CHAIRMAN

OF LIBYAN ARAB FOREIGN BANK AND LIBYA'S MOST INFLUENTIAL AND SOPHISTICATED FINANCIAL MAN, THIS WEEK TOLD US BANKERS THAT ALTHOUGH US ANTIBOYCOTT LEGISLATION WOULD HURT EVERYONE CONCERNED (INCLUDING ISRAEL) LIBYA PREPARED ACCEPT CONSEQUENCES AND WOULD REDIRECT EXISTING AND FUTURE US COMMERCIAL RELATIONSHIPS TO EUROPE AND JAPAN.

3. CENTRAL BANK DEPUTY GOVERNOR ABDULLAH MISALLATI WENT FURTHER IN UNDERSCORING LIBYA'S STIFF ATTITUDE WHEN HE TOLD US BANKERS PRIVATELY THAT LIBYA QUITE PREPARED, IF US ANTIBOYCOTT MOVES MADE IT NECESSARY, TO LOSE ITS US MARKET FOR LIBYAN CRUDE AND ADJUST OIL REVENUES (AND SPENDING) DOWNWARD ACCORDINGLY. MISALLATI SPECULATED THAT DEMAND FOR LIBYAN CRUDES SUFFICIENTLY STRONG IN WESTERN EUROPE TO TAKE UP ANY MARKETING SLACK IF US MARKET LOST. LOCAL US OILMEN TELL US THAT RECENTLY NEGOTIATED CRUDE BUYBACK CONTRACTS HAVE ALL INCLUDED BOYCOTT DESTINATION CLAUSE RESTRICTING RESALE LIBYAN CRUDES. OILMEN SAY PREVIOUS LIBYAN CRUDE CONTRACTS DID NOT INCLUDE BOYCOTT RESTRICTIONS; THEY BELIEVE LIBYANS MAY HAVE DECIDED PUT TEETH IN OPPOSITION TO US ANTIBOYCOTT LEGISLATION BY PLAYING A STRONG CAR -- REFUSAL TO SELL CRUDE TO US-BASED OIL COMPANIES WHICH MIGHT BE UNABLE SIGN LIBYAN CONTRACTS.

4. GOVERNMENT PRESS PAST WEEK REACTED TO CONGRESS ANTIBOYCOTT MOVES BY CALLING ON ARABS TO STRICTLY ADHERE TO DAMASCUS CENTRAL BOYCOTT PROVISIONS.
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PRESS NOTED THAT ARAB COUNTRIES HAVE THE MEANS TO IMPORT FROM COUNTRIES OTHER THAN US.

5. US COMMERCIAL INTERESTS IN LIBYA HAVE BEEN ADVERSELY AFFECTED BY THE POLITICAL DIMENSION IN OUR RELATIONS SINCE QADHAFI TAKEOVER IN 1969. CUTOFF OF LIBYA CRUDE EXPORTS TO US DURING OCTOBER 1973 WAR WAS RETAINED LONGER BY LIBYANS THAN OTHER ARAB PRODUCERS, UNTIL 1975, BUT WITHOUT SERIOUS EFFECT ON US CRUDE SUPPLIES. (LOSS OF LIBYAN CRUDE SUPPLIES MIGHT NOW POSE SERIOUS PROBLEM TO US REFINERS IN VIEW CURRENT AND PROJECTED INCREASE IN NEED FOR IMPORTS OF THE LIGHT LOW-SULPHUR CRUDES WHICH LIBYA PRODUCES.) US TURNDOWS OF MILITARY-RELATED BUSINESS AFTER COMPANIES HAD SIGNED CONTRACTS CREATED WIDER IMPRESSION HERE THAT US COMPANIES WERE OFTEN UNRELIABLE BUSINESS PARTNERS. ENEMIES LIST ARTICLE OF LAST FEBRUARY AND LIBYAN REACTION TO ANTI-BOYCOTT MEASURES HAVE FURTHER UNDERMINED US ECONOMIC AND COMMERCIAL TIES WITH LIBYA.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
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Concepts: POLICIES, PETROLEUM, TAX REFORMS, BOYCOTTS
Control Number: n/a
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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977TRIPOL00547
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770149-0766
Format: TEL
From: TRIPOLI
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t1977047/aaaaafop.tel
Line Count: 117
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Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 TRIPOLI 524, 76 TRIPOLI 1313, 76 TRIPOLI 1336, 77 TRIPOLI A-14
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 02-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2843346
Secure: OPEN
Status: NATIVE
Subject: BOYCOTT: LIBYAN HARDLINE
TAGS: ETRD, BEXP, PFOR, US
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/32bd2fa7-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009